

In paragraph (2)(A)(iii), the word “trade” is substituted for “commerce” for consistency in the chapter.

**Editorial Notes**

REFERENCES IN TEXT

Section 506 of the Merchant Marine Act, 1936, referred to in par. (8), is section 506 of act June 29, 1936, ch. 858, 49 Stat. 1985, which is set out as a note under section 53101 of this title.

AMENDMENTS

2018—Par. (5)(A)(iii). Pub. L. 115-232, §3546(q)(1), substituted “transportation trade or” for “transportation trade trade or”.

Par. (7). Pub. L. 115-232, §3546(q)(3), struck out par. (7), as added by Pub. L. 109-304, §8(c), which read as follows: “The term ‘United States foreign trade’ includes those areas in domestic trade in which a vessel built with a construction-differential subsidy is allowed to operate under the first sentence of section 506 of the Merchant Marine Act, 1936.”

Pars. (8), (9). Pub. L. 115-232, §3546(q)(2), (4), added par. (8) and redesignated former par. (8) as (9).

2007—Par. (5)(A)(iii). Pub. L. 110-140, §1122(a)(1), substituted “noncontiguous domestic, or short sea transportation trade” for “or noncontiguous domestic”.

Par. (7). Pub. L. 110-140, §1122(a)(2), added par. (7) relating to short sea transportation trade.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE OF 2007 AMENDMENT

Amendment by Pub. L. 110-140 effective on the date that is 1 day after Dec. 19, 2007, see section 1601 of Pub. L. 110-140, set out as an Effective Date note under section 1824 of Title 2, The Congress.

**§ 53502. Regulations**

(a) IN GENERAL.—Except as provided in subsection (b), the Secretary shall prescribe regulations to carry out this chapter.

(b) TAX LIABILITY.—The Secretary and the Secretary of the Treasury shall prescribe joint regulations for the determination of tax liability under this chapter.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1593.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
53502 .....	46 App.:1177(l) (2d sentence).	June 29, 1936, ch. 858, title VI, §607(l) (2d sentence), 49 Stat. 2005; June 23, 1938, ch. 600, §§23-28, 52 Stat. 960; Aug. 4, 1939, ch. 417, §10, 53 Stat. 1185; July 17, 1952, ch. 939, §§17-19, 66 Stat. 764; Pub. L. 85-637, Aug. 14, 1958, 72 Stat. 216; Pub. L. 86-518, §1, June 12, 1960, 74 Stat. 216; Pub. L. 87-45, §6, May 27, 1961, 75 Stat. 91; Pub. L. 87-271, Sept. 21, 1961, 75 Stat. 570; restated Pub. L. 91-469, §21(a), Oct. 21, 1970, 84 Stat. 1032; Pub. L. 97-31, §12(97)(A), Aug. 6, 1981, 95 Stat. 162.

Subsection (a) is added for clarity because various provisions of the source language for this chapter imply that the Secretary is to prescribe regulations individually (except for regulations affecting a determination of tax liability). See, e.g., 46 App. U.S.C. 1177(a) (last sentence), (f)(1) (last sentence), and (l) (last sentence).

In subsection (b), the words “not inconsistent with the foregoing provisions of this section, as may be necessary or appropriate” are omitted as surplus.

**§ 53503. Establishing a capital construction fund**

(a) IN GENERAL.—A citizen of the United States owning or leasing an eligible vessel may make an agreement with the Secretary under this chapter to establish a capital construction fund for the vessel.

(b) ALLOWABLE PURPOSE.—The purpose of the agreement shall be to provide replacement vessels, additional vessels, or reconstructed vessels, built in the United States and documented under the laws of the United States, for operation in the United States foreign, Great Lakes, noncontiguous domestic, or short sea transportation trade or in the fisheries of the United States.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1593; Pub. L. 110-140, title XI, §1122(b), Dec. 19, 2007, 121 Stat. 1762.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
53503(a) .....	46 App.:1177(a) (1st sentence).	June 29, 1936, ch. 858, title VI, §607(a) (1st sentence), (2d sentence related to purpose), 49 Stat. 2005; June 23, 1938, ch. 600, §§23-28, 52 Stat. 960; Aug. 4, 1939, ch. 417, §10, 53 Stat. 1185; July 17, 1952, ch. 939, §§17-19, 66 Stat. 764; Pub. L. 85-637, Aug. 14, 1958, 72 Stat. 216; Pub. L. 86-518, §1, June 12, 1960, 74 Stat. 216; Pub. L. 87-45, §6, May 27, 1961, 75 Stat. 91; Pub. L. 87-271, Sept. 21, 1961, 75 Stat. 570; restated Pub. L. 91-469, §21(a), Oct. 21, 1970, 84 Stat. 1026; Pub. L. 97-31, §12(97)(A), Aug. 6, 1981, 95 Stat. 162.
53503(b) .....	46 App.:1177(a) (2d sentence related to purpose).	

**Editorial Notes**

AMENDMENTS

2007—Subsec. (b). Pub. L. 110-140 substituted “noncontiguous domestic, or short sea transportation trade” for “or noncontiguous domestic trade”.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE OF 2007 AMENDMENT

Amendment by Pub. L. 110-140 effective on the date that is 1 day after Dec. 19, 2007, see section 1601 of Pub. L. 110-140, set out as an Effective Date note under section 1824 of Title 2, The Congress.

**§ 53504. Deposits and withdrawals**

(a) REQUIRED DEPOSITS.—An agreement to establish a capital construction fund shall provide for the deposit in the fund of the amounts agreed to be appropriate to provide for qualified withdrawals under section 53509 of this title.

(b) APPLICABLE REQUIREMENTS.—Deposits in and withdrawals from the fund are subject to the requirements included in the agreement or prescribed by the Secretary by regulation. However, the Secretary may not require a person to deposit in the fund for a taxable year more than 50 percent of that portion of the person’s taxable income for that year (as determined under section 53505(a)(1) of this title) that is attributable to the operation of an agreement vessel.